

This record is a partial extract of the original cable. The full text of the original cable is not available.

UNCLAS SECTION 01 OF 02 TAIPEI 003715

SIPDIS

DEPT PASS AIT/WASHINGTON
DEPT FOR EAP/RSP/TC, INR/EAP, EAP/PD

FROM AIT KAOHSIUNG BRANCH OFFICE

SENSITIVE

E.O. 12958: N/A

TAGS: [SENV](#) [ECON](#) [TW](#) [ESTH](#)

SUBJECT: Southern Taiwan's Crippled Newspaper Industry

1. (SBU) Summary. Over the past five years, branch offices of national Taiwan newspapers as well as local Kaohsiung-based newspapers have suffered financial losses that have crippled operations in southern Taiwan. Local newspapers have been unable to maintain any semblance of their original ideals of "independent reporting" if they hope to survive. End Summary.

2. (U) On August 24, 2005, Taiwan Hsin Wen Pao, a Kaohsiung-based newspaper, went out of business after having suffered from huge financial losses over the past decade. The paper had an advertising revenue advantage over its two major competitors, the Taiwan Times and the Commons Daily, both Kaohsiung-based papers, when it was affiliated in its early years with the then-Taiwan Provincial Government. When the Taiwan Provincial Government was abolished in 1999, the Executive Yuan Government Information Office took control of the newspaper company and leased its operations to Kaohsiung City Councilor Chang Jui-teh in 2000. Chang fled the country after failing to win his reelection bid in 2002 because he was bankrupt and was involved in a vote-buying scandal. According to journalist Tsui Chia-chi, the paper's union was then put in charge and managed to sustain the paper's operation for another two years under a policy that stipulated that employees had to earn their salaries by selling advertising blocks. Facing strong competition from Apple Daily, Hsin Wen Pao finally closed its business on August 24, 2005.

3. (SBU) Even though the Taiwan Hsin Wen Pao has ceased its operations, the two remaining local operations, the Taiwan Times and the Commons Daily, both far from lucrative operations, have managed to stay afloat. The Taiwan Times (which has no relationship with the English-language Taipei Times, a part of the Ziyu Group) now regards itself as independent of any political affiliation and has a stated policy of neutral reporting. However, the paper's stated policy does not correspond with its reality. Owned by former Kaohsiung Mayor Wang Yu-yun's brother, Wang Yu-fa, the publication is seen locally as a means for the Wang family to pursue its political and business interests. The family has suffered setbacks both in the political and business arenas in recent years and uses the paper regularly to criticize rivals of the family during political campaigns. It's rumored that the Wang family has been looking into the possibility of leasing the paper's operations to an interested investor.

4. (SBU) According to journalist Tsui Chia-chi, who reports on economics and social issues for the Commons Daily, the Taiwan Times has been supported by the Wang family's major moneymaking business, the Hua Jung Cable Company, which uses the paper to pursue business interests for itself and its business partners. Tsui noted that the paper, in an effort to roll with the times, had changed its reporting policy to embrace the ideal of an independent Taiwan since the DPP came into power. Last September, the paper also started to use color prints similar to the Apple Daily in an attempt to increase its readership.

5. (SBU) Tsui also discussed with AIT/K recent developments at The Commons Daily. Tsui said the paper began to register profits a few months ago after having suffered from financial losses for the past decade. According to Tsui, the paper established a strategic alliance with ETTV News Group after it merged with the Rebar Group two years ago. Under the strategic alliance, the paper downsized its editing and reporting staff to reduce personnel costs. In addition, the paper began to cooperate with public relations companies to sponsor public events for government agencies in order to increase its revenue. Tsui bemoaned that the paper no longer insists on its political stance for an independent Taiwan nor does it insist on adhering to its ideal for an independent press, which is the principle the paper was founded on in early 1978. Tsui said that in order to receive government financial support, the paper must tailor its editorial policy to the needs of the ruling party. Tsui also pointed out that the elections in Taiwan have helped sustain local press to some extent because

elections have brought tremendous advertising revenue.

16. (U) The national China Times closed its editing office in Kaohsiung three years ago as the newsgroup began to suffer financial losses. China Times authorities also decided not to hire any replacements in order to cut personnel spending. China Times readership remains in fourth place, after the Liberty Times, Apple Daily and the United Daily.

17. (SBU) According to Tsui, the United Daily Newsgroup launched a local weekly journal in April this year. The journal, entitled Kaohsiung Metropolis Times is designed as a subway paper to serve the city's commuters on the future Kaohsiung Mass Rapid Transit System. It is being distributed to subscribers of the United Daily News for free. According to Tsui, the United Daily Newsgroup is using the Kaohsiung Metropolis Times to increase its readership and advertising revenue. Tsui estimated that the Kaohsiung Metropolis Times would help boost the United Daily News readership by 20% once the KMRT begins to operate.

18. (SBU) Comment. Reporters around Kaohsiung have recently been very critical of the media's "survival politics," which is forcing the suppression of independent reporting. Government support or subsidy for newspapers is now perceived by journalists as the trump card in ensuring the ruling party's particular approach to controversial issues gets high profile play. End comment.